

State Officers Compensation Commission Meeting

November 9th, 2021, 9 a.m.

550 W. 7th Ave., Suite 1236

Meeting Minutes

Members:

Kurt Olson

Johnny Ellis

Carrigan Grigsby

Lee Cruise

Others present:

Kate Sheehan, Department of Administration, Secretary

I. CALL TO ORDER

Director Sheehan called the meeting to order at 9:00 a.m.

II. ELECTION OF CHAIR

Members Ellis, Olson, Grigsby, and Cruise were present.

Mr. Carrigan nominated Mr. Ellis and Mr. Olson seconded that motion.

Director Sheehan explained the role of the Chair. Mr. Ellis accepted the Chair position with the caveat that a member of the Republican Party as well as a member of the private sector testify to the Legislature with him if needed so that everyone is represented. He also expressed frustration of prior inaction from the previous Chair and hopes to accomplish more changes and action in his position as Chair. Moved and approved unanimously.

III. Overview of Available Material/Information; Preliminary Findings and Recommendations

DISCUSSION:

Mr. Olson proposed a question about what the body has accomplished since 2009. Director Sheehan summarized some changes such as it was determined that Deputy Commissioner's got to keep their current salaries when promoted into Commissioner positions as those salaries are often higher than Commissioner salaries since they tend to be long term state employees. It was also determined that Juneau legislators would not receive per diem payments while in session in that city.

Discussion was held about raising the salaries of legislators while also reducing or eliminating the per diem amounts that are paid to these employees. The members discussed the source of Alaska per diem amounts as well as the other nuances that are unique to Alaska legislators. Mr. Ellis

suggested that the body meet with Jessica Geary, Director of the Legislative Affairs Agency to discuss publicly accepted per diem amounts for legislators as well as her opinions as a subject matter expert on possible proposals to the legislature in regard to salary changes. Mr. Cruise suggested removing per diem payments altogether and that was met with hesitation. Director Sheehan summarized the most recent changes to the salaries of the Governor and legislature. Mr. Cruise further explored the possibility of removing per diems and raising salaries, the higher costs to the State for paying for the family members of certain legislators to travel to Juneau was mentioned as a potential problem. Public perception of legislator salaries and per diem amounts was discussed as an important component of the potential changes. Mr. Ellis suggested that they come up with a common-sense political proposal that would go into effect after the next election, so it would be implemented after voters have a chance to weigh in on the matter. Mr. Ellis also suggested that the body invite the editorial boards of the Alaska newspapers to attend a discussion about a formal proposal to the legislature to raise salaries and mostly eliminate per diem payments. The body decided to not address the office expense allowance and to stick with a proposal for only per diem and salary changes. Mr. Cruise posed the question as to what would actually change as a consequence of potential changes to salary and per diem and discussion was held on that. Mr. Cruise calculated the average numbers and determined that 74,000-77,000 was an accurate average for annual legislature salary including per diem payments. It was proposed that the body recommend a flat legislative salary of \$78,400 with per diem payments being discontinued.

Discussion was held about the tax advantages and disadvantages of these potential changes as the legislature does not currently pay taxes on per diem payments. Mr. Ellis suggested that they ask Director Geary for her input on that matter. Mr. Cruise calculated what the total would be if they raised the legislative salary to \$74,500 and lowered the per diem percentage to 20% of what it is currently, and that figure was \$79,337. This would make the average annual per diem payments to a total of \$4,837. Discussion was held that this could be a way to obtain support for their proposal. Mr. Ellis asked Director Sheehan to get feedback from legislators on these figures to determine if the proposal would be feasible. Discussion was then moved to address the salaries of Commissioners, Governor, and Lieutenant Governor. Director Sheehan stated that those salaries had not been increased since 2011. Mr. Cruise suggested that the salaries of the Governor and Lieutenant Governor be adjusted for inflation. He offered to compute the figures that those salaries would be if they were adjusted for base inflation. He stated that it's approximately 2% per year. It was determined that would be too high of a figure if it was used annually to increase the salaries. If they used a 1% increase annually from 2011 until current, that would take the Governor's salary from \$145,000 to \$163,000 and from \$115,000 to \$129,000 for the Lieutenant Governor to be enacted in FY23. It was decided that they would

discuss this potential change as well with Director Geary at the next meeting with a wholistic approach to address the salaries of Commissioners, the Legislature, the Governor, and Lieutenant Governor

IV. SCHEDULE PUBLIC HEARINGS AND FINAL MEETING

Public testimony, as well as the next meeting was scheduled for Monday, November 29th at 2:00 p.m. telephonically.

IV. OTHER BUSINESS

The meeting adjourned at 10:40 a.m.